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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**SPECIAL OBJECTIVE 2
INCREASED INVESTMENT IN AGRIBUSINESS BY PRIVATE FIRMS**

**RESOURCED BY
AGRICULTURAL COMMERCIALIZATION AND ENTERPRISE PROJECT
USAID, NEW DELHI, INDIA**

**SANCTIONS IMPLEMENTATION PLAN
FOR
ORDERLY CLOSE-OUT**

JUNE 22, 1998

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BACKGROUND

As a fallout of the nuclear tests conducted by India on May 11 and May 13, 1998, the U S Government imposed broad economic sanctions on India as required by its law. These sanctions have resulted in the suspension of all U S non-humanitarian assistance including bilateral development assistance, military sales, trade finance, and loans by international financial institutions. The sanctions will also prohibit U S private banks from extending loans and credits to the Government of India (GOI), but lending to private sector would not be affected by the sanctions.

The suspension of development assistance in the economic growth sector, which is labeled as non-humanitarian, has affected the SPO 2 and its only activity the ACE project, which has been ordered for a premature close-out. The ACE project funding covers an implementation grant to ICICI and a task order contract with Chemonics International for technical assistance support. Both these elements are being terminated and an orderly close-out plan has been developed.

All project activities are expected to conclude by September 30, 1998.

ACTIVITY INDICATORS

INDICATOR: INCREASE IN TOTAL INVESTMENT IN ACE FUNDED PROJECTS

LENDING TO PRIVATE AGRIBUSINESS	
Activity Description	USAID funds (\$6.5 million) committed to ICICI for this activity have been fully utilized in extending loan to 14 agribusiness. However, a refund of \$0.7 was necessitated from one of the clients due to slow implementation progress (to be released at a later date). This requirement may now have to be met out \$20 million Title III funds available with ICICI. This activity, therefore, stands terminated

AGRIBUSINESS FINANCIAL SECTOR TRAINING				
Activity Description		The activity was designed to strengthen agribusiness loan appraisal capabilities of Indian commercial banks by designing a structured course and developing training capabilities with regional training institutions Four regional courses had been planned		
Host Country/Counterpart Agency Commitments		ICICI is the partner agency for holding these training courses and their staff has participated as trainers They have also agreed to offer trainees on going assistance for agribusiness loan appraisals		
Progress Till Date		Two courses (one week long each) have been conducted one in the Western Region and the other in the Southern Region of India Course structure and materials for offering course on regular materials have been prepared Expenditure Incurred \$130,000		
Tasks Being Terminated		Remaining two regional training courses (one week long each) to be held in the northern and eastern region of India Creation and support for Agribusiness Bankers' Network (ABN)		
Proposed Tasks for Orderly Close-out		The leading agribusiness banks have training institutes for their staff It is proposed that a three day workshop be conducted for selected bank and training institutions (like State Bank of India, Canara Bank, Union Bank of India, Punjab & Sindh Bank and Corporation Bank) The workshop will involve senior management to influence agribusiness lending policy and transfer course curriculum		
LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
Expat	Chaffee 2 wks	Aug 31 to Sep 11, 1998	1 Agribusiness lending policies Improved 2 Agribusiness loan appraisals training course curriculum transferred to selected institutions	ICICI & Chemonics Task Order
	Weiss 2 wks			
Local	Hamilton 2 wks			
	Viswanathan 2 wks			
Cost	\$55,000			

AGRIBUSINESS INFORMATION CENTERS	
Activity Description	Access to market, production and technology information is one of the biggest constraints to private sector agribusiness development in India. The ACE activity was designed to establish a network of four agribusiness information centers (AIC)
Host Country/Counterpart Agency Commitments	Punjab Agro Industries Corporation (PAIC) has agreed to cover the cost of infrastructure, utilities and personnel for the AIC at PAIC. Consortium of Food Industries and Trade (COFIT) will be covering the cost of personnel from its own resources while United National Industrial Development Organization (UNIDO) will cover the cost of infrastructure development.
Progress Till Date	An Agribusiness Information Center has been established at FICCI and is approaching the level of self sustainability by earning revenue through memberships. A synergy center has been established at KAIC in Bangalore. Similar centers have been designed at COFIT in Pune and at PAIC in Chandigarh to complete the national network of agribusiness information centers. Cost sharing grants (less than 50 percent of total budget - for computer equipment and database development only) through ICICI remain to be provided. Training for the staff will be provided jointly with FICCI/AIC staff. Expenditure Incurred \$260,000
Tasks Being Terminated	<ol style="list-style-type: none"> 1 New information product development 2 Southeast Asia & Gulf States Agribusiness Databases 3 Editorial support for newsletter
Proposed Tasks for Orderly Close-out	<ol style="list-style-type: none"> 1 Grants for establishing AIC Synergy Centers at PAIC & COFIT 2 Assist PAIC & COFIT in defining their database requirements 3 Train PAIC and COFIT staff on accessing agribusiness information resources from the Internet 4 Help PAIC and COFIT prepare a business plan and marketing strategy

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
Expat (TBD)	Database Specialist 3 wks	Aug 10 to 29 1998	Nationwide network of self sustainable agribusiness information centers	Grants for synergy centers through ICICI TA through Chemonics Task Order
Local	None			
Cost	\$19,000			

INDICATOR: PRIVATE AGRICULTURAL MARKETING INFRASTRUCTURE MODELS INTRODUCED

AGRIBUSINESS MARKETING INFRASTRUCTURE DEVELOPMENT	
Activity Description	The activity was designed to develop models for "Public-Private-Partnerships" (PPP) for development of agricultural marketing infrastructure facilities in India . The Task Order planned on assisting six PPP transactions in focus states while at the same time engaging private sector and public officials to influence policy to allow private investment in such facilities. The activity also included an awareness campaign to spread the message about the efficacy of PPP as an alternative to publicly funded agricultural marketing infrastructure .
Host Country/Counterpart Agency Commitments	Government agencies have revised their original public financing models and investment guidelines and regulations to allow private investment. They do not have the capabilities of executing the transactions without ACE assistance. Delays and cancellations at this stage would send the wrong signals to private investors.
Progress Till Date	Noticeable progress has been made in introducing the concepts for developing Public Private Participation (PPP) models and has been working with state government agencies on agricultural marketing infrastructure transactions. Three such PPP models are at a fairly advanced stage and are planned to be successfully implemented with a minimal level of effort. Expenditure Incurred \$300,000
Tasks Being Terminated	<ol style="list-style-type: none"> 1 Expert Groups for Agricultural Marketing Infrastructure 2 Mumbai Sahar Airport Perishables Center BOT Transaction 3 Amritsar Agricultural Cargo Complex 4 One more PPP transaction
Proposed Tasks for Orderly Close-out	<ol style="list-style-type: none"> 1 Maharashtra State Warehousing Corporation (MSWC) Cold Chain Joint Venture(JV) 2 Ludhiana Produce Wholesale Market 3 Bangalore Airport Perishables Handling Facility Training 4 PPP Models Awareness Campaign

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
MSWC Cold Chain Joint Venture				
Private investment partner has been found and terms of agreement have been developed. The JV awaits final approval from Minister for change in regulation for MSWC to take minority stake in project. Limited technical intervention shall be required to help push the approval and deal for implementation.				
Expat Local Cost	None Salunke 2 wks \$5,000	Jul 6 to 17, 1998	PPP Model developed. State corporation takes minority investment position to develop agricultural marketing infrastructure.	Chemonics Task Order
Ludhiana Produce Wholesale Market				
The Punjab Mandi Board has agreed to ACE recommendations for allowing private investment in facilities and management of common infrastructure facilities and services. Mandi Board now requires assistance in developing the engineering design for this facility.				
Expat Local Cost	Hoffseth 2 wks Gill 3 wks Viswanathan 2 wks \$27,000	Jul 13 to 31, 1998	PPP Model developed. Marketing Board owns common infrastructure but allows private management of facilities. Also shops and storage facilities will be privately owned.	Chemonics Task Order
Bangalore Airport Perishables Handling Facility Training				
Mysore Sales International Limited (MSIL) is a parastatal organization handling logistics for all exports from Karnataka. APEDA has developed a perishables facility at Bangalore airport and in accordance with state regulations the management would be handed over to MSIL. During the past year ACE has interacted with state government officials to bring about private management of the airport refrigerated perishables handling facility to promote exports from Bangalore. MSIL has agreed to do this on a trial basis with the South India Floriculture Association (SIFA). ACE assistance is required to help SIFA develop the agreement with MSIL and an operations manual for the facility.				

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
Expat (TBD) Local	Handling Spec 3 wks Viswanathan 2 wks Bhat 2 wks	Jul 20 to Aug 7 1998	PPP Model developed Public corporation forms JV with industry association for accessing efficient private management of airport facility (generally not open for private investment)	Chemonics Task Order
Cost	\$32,000			
<p align="center">PPP Models Awareness Campaign</p> <p>Over the past sixteen months ACE has spent considerable resources on developing models for public-private-participation in developing agricultural marketing infrastructure. The transactions for which ACE has provided assistance provide different lessons for policy formulators at the state and federal level. Government officials in focus states have been very enthusiastic in developing these innovative alternative approaches to public financing models. This message should be shared with key decision makers in other leading agribusiness states for maximum impact on the system. It is proposed that a team of ACE consultants along with selected state and industry officials responsible for transactions assisted by ACE visit Andhra Pradesh, Tamil Nadu and Gujarat to share ACE experiences.</p>				
Expat Local	Styer (2 wks) Viswanathan 2 wks Bhat 1 wk Gill 1 wk Salunke 1 wk	Jul 27 to Aug 7, 1998	PPP models as an alternative to public financing models for developing agricultural marketing infrastructure facilities will be introduced in leading agribusiness states	Chemonics Task Order
Cost	\$30,000			

INDICATOR: INCREASE IN VALUE OF HORTICULTURAL EXPORTS

AGRICULTURAL UNIVERSITY & RESEARCH INSTITUTION SUPPORT	
Activity Description	India is equipped with an extensive network of agricultural universities their current orientation is focused on production agriculture, while neglecting post-harvest handling, processing, marketing and agribusiness management This activity was designed to facilitate the establishment of a postharvest center in Punjab, with the objective of developing linkages between Indian agricultural universities and US land grant institutions between universities with research institutions and agribusiness, reduce post harvest losses and ensure technological innovations in post harvest handling and transportation of horticultural products
Host Country/Counterpart Agency Commitments	Punjab Mandi Board is committed to provide the finances for the establishment of the center Punjab Agricultural University (PAU) would be providing space for housing the Center and staff for its operations Total investment committed by the state is \$2.5 million
Progress Till Date	The consultant who helped design the Vegetables Research Institute of California at the University of California at Davis (UCD), visited Punjab during February 1998 and based on meetings with the stakeholders in the proposed center, has designed a Strategic Plan for the establishment of the center During the series of meetings, the goals, objectives, structure, proposed activities, staffing, etc., at the center have been detailed Expenditure Incurred \$150,000
Tasks Being Terminated	<ol style="list-style-type: none"> 1 Six postharvest technology shortcourses at Punjab Horticulture Post Harvest Center (PHPTC) with assistance from University of California, Davis 2 Mango Controlled Atmosphere Transportation Experiment 3 Grape Industry Quality Self-certification Program 4 Mango phytosanitary regulations
Proposed Tasks for Orderly Close-out	<ol style="list-style-type: none"> 1 Staff orientation for PHPTC, and conduct of shortcourse for the faculty 2 PHPTC Technology Assessment Methodology

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
1) Staff Orientation for PHPTC				
Expat Local Cost	Kitinoja 2 wks Gill 2 wks \$16,000	Jul 6 to 17, 1998	Conduct a training the trainers program for PAU staff to help them undertake training programs in future, transfer knowledge	Chemonics Task Order
2) PHPTC Technology Assessment Methodology				
Expat Local Cost	Reid 1 wk Kitinoja 2 wks Gorriy 2 wks Gill 2 wks Brar 2 wks \$44,000	Aug 17 to 28 1998	Shortcourse in postharvest handling by three experts from UCD on postharvest technology coupled with the formal launch of the PHPTC	Chemonics Task Order

AGRIBUSINESS INDUSTRY ASSOCIATIONS POLICY ADVOCACY	
Activity Description	This activity was designed to strengthen private sector-led industry associations to pursue policy advocacy with government for promoting deregulation and opening up of markets to international trade. Industry associations targeted were in seeds, processed foods quality, floriculture, spices and packaging materials.
Host Country/Counterpart Agency Commitments	Private industry associations have assigned these activities priorities on their agenda due to ACE involvement.
Progress Till Date	Significant progress has been made with associations of seed, floriculture and processed foods in terms of assisting them to identify problems facing the industry and association strengthening. Expenditure Incurred \$110,000
Tasks Being Terminated	<ol style="list-style-type: none"> 1 Floriculture Industry Associations marketing program 2 Spice Industry HACCP seminars 3 Packaging materials regulations
Proposed Tasks for Orderly Close-out	<ol style="list-style-type: none"> 1 Seed Export Policy Recommendations 2 Food Quality & Safety Regulations

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
<p align="center">Seed Export Policy Recommendations</p> <p>The contractor held a workshop on the challenges facing the seed industry and how the associations could work together to strengthen the industry. One of the key recommendations was to help the industry develop a set of recommendations to foster international trade.</p>				
Expat Local (TBD)	Gisselquist 3 wks Seed Ind Specialist 3 wks	Jul 27 to Aug 14 1998	Strengthening of the private seed industry in India	Chemonics Task Order
Cost	\$28,000			

LOE Required/Cost		Schedule	Achievements/Outputs	Mechanism
<p align="center">Food Quality & Safety Regulations</p> <p>A retired senior FDA official had two TDYs to India and has developed a very thorough review of the inadequacies of the food related regulations in India. This has been very well received in India and ACE has been asked to bring this expert back to help in developing a set of recommendations to improve the regulations.</p>				
Expat Local Cost	Scheuplein 4 wks Bhat 3 wks Salunke 2 wks \$30,000	Jul 13 to Aug 7, 1998	Assist agribusiness industry groups present a broad based agenda for reforming the food laws of India. Improve the quality of processed food products in India.	Chemonics Task Order

TASK ORDER PROJECT MANAGEMENT

The Chemonics Task Order will need to conduct the following activities for a close-out

- 1 Office operations for remaining period
- 2 Final Report
- 3 Lease Termination
- 4 Staff Retrenchment
- 5 Accounts Closing
- 6 Inventory Transfer
- 7 Transfer of Records to Head Office

Cost \$70,000

ORDERLY CLOSE-OUT TIME-FRAME SUMMARY

ID	Task Name	July					August					September					C
		28	5	12	19	26	2	9	16	23	30	6	13	20	27		
1	BASE Course Curriculum Transfer																
2	AICs Training																
3	MSWC Cold Chain JV																
4	Bangalore Airport Perishables Facility																
5	Ludhiana Produce Wholesale Market																
6	PPP Models Awareness Campaign																
7	PHPTC Orientation																
8	PHPTC Technology Assessment Methodology																
9	Seed Export Recommendations																
10	Food Quality & Safety Regulations																
11	Project Management																

Close-out Activity Budget Estimate

DESCRIPTION	Weeks	Days	Rate	Salary Expat	Per Diem Expat	Weeks	Days	Rate	Salary Indian	Per Diem Indian	Int'l Air	Dom Trspt	Total Salaries	Total Trav/Trans	ODCs	TOTAL
Financial Sector Training																
BASE Curriculum Transfer Workshop	4	6	710	17,052	6,480	4	6	500	12,000	6,528	7,500	4,000	29,052	24,508	1,000	54,560
None	0	6	717	0	0	0	5	75	0	0	0	0	0	0	0	0
Sub Total Marketing Infrastructure Support																54,560
Agribusiness Information Centers																
Training	3	6	717	12,899	2,732	0	6	75	0	0	2,500	500	12,899	5,732	500	19,131
Support to FICCI	0	6	717	0	0	0	6	75	0	0	0	0	0	0	0	0
Sub Total Marketing Infrastructure Support																19,131
Agribusiness Marketing Infrastructure Development																
MSWC	0	6	717	0	0	2	6	90	1,080	2,270	0	1,000	1,080	3,270	500	4,850
Ludhiana Produce Wholesale Market	2	6	839	7,873	2,146	5	6	275	8,235	2,745	5,000	500	15,908	10,391	500	26,799
Bangalore Airport Training	3	6	717	12,899	4,080	4	6	329	7,906	2,448	2,500	1,500	20,804	10,528	500	31,832
PPP Models Awareness Campaign	2	6	900	10,804	2,206	5	6	265	7,961	3,000	2,500	2,000	18,765	9,706	1,000	29,471
Sub Total University Strengthening																92,952
Agricultural University & Research Institution Support																
PHPTC Staff Training	2	6	562	6,748	2,067	2	6	110	1,318	2,433	2,500	500	8,065	7,500	500	16,065
Technology Assessment Methodolog	5	6	651	19,537	7,326	4	6	82	1,976	3,976	7,500	1,000	21,513	19,802	2,500	43,815
Sub Total University Strengthening																59,880
Agribusiness Industry Association Policy Advocacy																
Seed	3	6	717	12,899	3,395	3	6	137	2,471	4,000	2,500	2,000	15,369	11,895	500	27,764
Food Processing	4	5	717	14,332	4,632	5	6	165	4,941	1,600	2,500	1,500	19,273	10,232	500	30,005
Sub-Total Policy Advocacy																57,769
Project Management																
Final Report Preparation	3	6	284	5,116	2,185	3	6	101	1,812	3,000	5,000	1,000	6,927	11,185	10,000	28,112
Office Operations + Staff Salanes (3																75,000
Office Lease																(32,000)
Sub Total Policy Advocacy																71,112
Grand Total																355,405